

Message Text

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ACTION COME-00

INFO OCT-01 AF-06 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

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FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 3888

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E.O. 11652: N/A

TAGS: ETRD, CG

SUBJECT: EXPORT RESTRICTIONS IMPOSED BY FOREIGN GOVERNMENTS

REF: STATE 146681

1. NATURE OF MEASURES - GENERAL: PRESENT SYSTEM OF ZAIRIAN EXPORT CONTROLS DATES FROM JUNE 1967 WHEN, IN WAKE OF A MONETARY REFORM, THE GOZ ABOLISHED ALL PREVIOUS RESTRICTIONS AND QUOTAS ON EXPORTS SUBJECT ONLY TO CONDITIONS THAT DOMESTIC REQUIREMENTS TAKE PRECEDENCE.

2. ZAIRE MAINTAINS A SYSTEM OF EXPORT LICENSES WHICH WERE ESTABLISHED FOR THE PURPOSE OF ENABLING THE BANK OF ZAIRE TO MAINTAIN SURVEILLANCE OVER THE RESULTING FINANCIAL FLOWS. AN EXPORT LICENSE IS GENERALLY VALID FOR 3 MONTHS.

3. EXPORT TAXES OF FEES: ZAIRIAN EXPORTS ARE SUBJECT TO THE FOLLOWING TAXES: (A) A 6.75 PERCENT TURN OVER TAX IS ASSESSED AGAINST ALL ZAIRIAN EXPORTS EXCEPT COPPER, COBALT, DIAMONDS, URANIM AND ZINC. FOR THESE PRODUCTS THE TAX IS FIXED AT 7 PERCENT. THIS TAX IS IMPOSED ON THE NET VALUE OF THE REPATRIATED CURRENCY MINUS FREIGHT, COMMISSIONS AND

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FEES; (B) A 1 PERCENT STATISTICAL TAX IS IMPOSED ON THE FOB

VALUE OF THE GOOD; (C) AN EXPORT TAX BASED ON THE FAS
VALUE OF THE PRODUCT. THIS TAX VARIES BY PRODUCT
FROM 0 (ZERO) TO 10 PERCENT.

4. ARTICLES MANUFACTURED IN ZAIRE, HOWEVER BENEFIT
FROM "ORDINANCE LOI, "NO . 73-032 SIGNED 19 SEPT. 1973
AND A SUBSEQUENT JOINT DECREE OF THE STATE COMMISSIONERS
OF FINANCE AND COMMERCE DATED OCT 29, 1974. ACCORDING
TO THESE MEASURES EXPORT TAXES FOR ARTICLES MANUFACTURED
IN ZAIRE IN PART FROM ZAIRIAN RAW MATERIALS OR IM-
PORTED GOODS ARE PROVISIONALLY FIXED AT 4 PERCENT. THEY ARE
EXONERATED FROM ALL TURN OVER TAXES. THESE MEASURES
WERE ENACTED TO MAKE ZAIREIAN PRODUCTS COMPETITIVE IN
TARGET MARKETS.

5. DURING THE PAST YEAR THE EXPORT OF MINERALS AND
PRIMARY PRODUCTS HAS INCREASINGLY COME UNDER TIGHTER
STATE CONTROL. THIS IS AS MUCH DUE TO THE GOZ TAKING
CONTROL OF THE MAJOR SECTORS OF THE ECONOMY AS IT IS
DUE TO GOZ DESIRE TO MAXIMIZE FOREIGN EXCHANGE
EARNINGS. THE DROP IN COOPER PRICES LAST YEAR
PRECEDED AND CERTAINLY PLAYED A ROLE IN SUBSEQUENT
GOZ DECISIONS TO PLACE TIGHTER CONTROLS ON IMPORTS
AND EXPORTS AS WELL AS ON THE MAJOR ECONOMIC ENTERPRISES
OF THE COUNTRY.

6. THE EXPORT AND MARKETING OF ALL ZAIRIAN-OWNED
MINERAL PRODUCTS IS TO BE CARRIED OUT BY A NEWLY
CREATED ORGANIZATION SOCIETE ZAIROISE DE COMMERCIAL-
ISATION DES MINERALS, SOZACOM. THIS ORGANIZATION IS STILL
IN ITS SHAKEDOWN PHASE AND IT IS YET EARLY TO TELL
WHETHER IT HAS THE MANAGEMENT EXPERTISE NECESSARY TO
CARRY OUT THIS TASK. HOWEVER, WHETHER DONE BY
SOZACOM OR THE PRESENT MINING COMPANIES, CONTROL WILL
ULTIMATELY REST WITH THE GOZ.

7. CONTROL OVER THE FOLLOWING ZAIRIAN AGRICULTURAL
PRODUCTS IS EXERCISED BY OFFICE ZAIROIS DU CONTROL,
OZAC: WOOD, COFFEE (ROBUSTO AND ARABIAN), PALM OIL,
PALM CAKE, COTTON, COCOA, COPAL, (RAUWOLFIA) TEA,
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RUBBER. IN GENERAL THERE IS A GOZ OFFICE TO SUPERINTEND
AND OR MONITOR THE PRODUCTIONS, TRANSPORT AND MARKETING OF
EACH MAJOR AGRICULTURAL PRODUCT.

8. MORE RECENT ACTIONS BY GOZ AGENCIES TO RESTRICT THE
EXPORTATION OF SPECIFIC PRODUCTS INCLUDE: (A) COPPER:
IN ACCORDANCE WITH THE NOV. 1974 CIPEC ACTION, THE GOZ
REPORTS IT IS CUTTING BACK ITS COPPER PRODUCTION BY

10 PERCENT FOR A 6 MONTH PERIOD; (B) LIVESTOCK; A DECREE WAS ISSUED BY THE STATE COMMISSINER OF COMMERCE FEB. 26 HALTING THE EXPORTATION OF LIVESTOCK AS WELL AS THEIR EDIBLE BY-PRODUCTS. ACTION WAS TAKEN TO MAINTAIN DOMESTIC SUPPLIES. ZAIRE IS A HEAVY IMPORTER OF MEAT PRODUCTS. THERE PROBABLY IS LITTLE EFFECT BEYOND BORDER AREAS OF ADJACENT CUNTRIES; (C) PALM OIL: ON JULY 21 THE EXPORT OF PALM OIL WAS SUSPENDED FOR AN UNSPECIFIED PERIOD. EXPORTS WERE STOPPED IN ORDER TO MAINTAN DOMESTIC SUPPLIES AND STABALIZE PRICES. ZAIRE HAS TRADITIONALLY BEEN A MAJOR WORLD EXPORTER OF PALM OIL. IN 1974 IT EXPORTED SOME 96,507,204 KG AT A TOTAL VALUE OF 30,941,348 ZAIRES . THE GOZ IS CAUGHT IN A FAMILIAR DILEMMA HERE. PALM OIL IS USED EXTENSIVELY BY THE ZAIRIAN POPULATION, BY LOCAL INDUSTRY IT IS USED IN THE COPPER ORE REFINING PROCESS. THE GOZ, THEREFORE, FEELS THAT THE DOMESTIC PRICE MUST REMAIN LOW. NEVERTHELESS, THIS PRICE IS CONSIDERABLY BELOW WORLD MARKET PRICES OR EVEN FOR THAT MATTER BELOW THE PRICE TO USTAIN DOMESTIC PRODUCTION. HENCE, DOMESTIC PRODUCTION HAS BEEN DECLINING AND PRODUCERS TEND TO SEEK FOREIGN MARKETS.

9. SOME GOZ AGENCIES HAVE NOT AS YET RESPONDED TO EMBASSY INQUIRIES. ANY FURTHER RELEVANT INFORMATION WILL BE FORWARDED AS SOON AS ACQUIRED.
WALKER

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